



## RATING ACTION COMMENTARY

# Fitch Affirms Payden & Rygel Managed Florida LGIP at 'AAAf'/'S1'

Thu 02 Sep, 2021 - 4:48 PM ET

Fitch Ratings - New York - 02 Sep 2021: Fitch Ratings has affirmed the 'AAAf'/'S1' International Fund Credit Quality Ratings (FCQR) and Fund Market Risk Sensitivity Rating to the Florida Local Government Investment Trust - Short Term Bond Fund, managed by Payden & Rygel.

The ratings reflect Fitch's review of the fund's investment and credit guidelines, and the portfolio's credit quality and diversification. The 'AAAf' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default). The 'S1' rating indicates a very low sensitivity to market risk.

## KEY RATING DRIVERS

### Asset Credit Quality

The main driver of the fund credit rating is the high credit quality of the portfolio. As per the portfolio's investment policies, permissible securities include securities rated at least 'A' or equivalent.

As of the review date, the portfolio primarily invested in asset-backed securities, U.S. government agency securities, U.S treasury securities and corporate bonds. Other

securities permitted by investment guidelines include repurchase agreements, municipal bonds, and obligations of U.S. state and local entities.

Weighted average rating factor (WARF) is a risk-weighted measure of a portfolio of assets that accounts for the portfolio's credit quality and maturity profile. As of the date of the review, the portfolio's WARF was in line with Fitch's 'AAAf' rating criteria of 0.3 or less.

### Portfolio Sensitivity to Market Risks

The pool's Market Risk Sensitivity Factor is in line with Fitch's 'S1' rating criteria of 2.0 or less. A portfolio's market risk factor is calculated by combining the portfolio interest rate duration and risk-adjusted spread duration of the securities in the portfolio, and adjusting the result for the effect of any leverage.

### INVESTMENT MANAGER

The fund is managed by Payden & Rygel, who specializes in low duration strategies and managing funds for institutional clients including public/government entities.

Fitch views Payden & Rygel's investment advisory capabilities, financial and resource commitments, operational controls, corporate governance and compliance procedures as consistent with the 'AAAf'/S1' ratings assigned to the Florida Local Government Investment Trust - Short Term Bond Fund.

### RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Positive rating actions are not applicable as the assigned ratings are the highest ratings outcomes under Fitch's Bond Fund Ratings criteria.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--The ratings are sensitive to material changes in the credit quality or market risk profiles of the fund. A material decrease in portfolio credit quality could result in the FCQRs being lowered. A material increase in portfolio duration could result in the fund market risk sensitivity ratings being lowered.

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the fund's ratings against potential changes in the portfolios' credit quality.

Fitch receives monthly fund portfolio holdings information including credit quality, market value and duration of the individual securities to conduct surveillance against the Bond Fund Rating criteria. For additional information about Fitch bond fund ratings criteria, please review the criteria referenced below, which can be found on Fitch's website.

## SOURCES OF INFORMATION

The sources of information used to assess this rating were the public domain and Payden & Rygel.

## RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Florida Local Government Investment Trust - Short Term Bond Fund	Fund Cr Qual Rtg	AAAf	Affirmed	AAAf
●	Sensitivity	S1	Affirmed	S1

[VIEW ADDITIONAL RATING DETAILS](#)

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**APPLICABLE CRITERIA**[Bond Fund Rating Criteria \(pub. 22 Jul 2019\)](#)**ADDITIONAL DISCLOSURES**[Solicitation Status](#)[Endorsement Policy](#)**ENDORSEMENT STATUS**

Florida Local Government Investment Trust - Short Term Bond Fund

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